

**Transcript of Remarks by Senator Kent Conrad (D-ND)
at Press Conference on the Budget and National Security
March 6, 2006**

Thank you, Leader Reid.

You know, there are a series of threats to our national security. Among these are the explosion of our national debt. And, for some reason, this has received almost no attention. I think understandably, perhaps, because for years the stories have been written about the budget deficit. But now the greatest threat to our economic and national security is the explosion of the national debt.

This chart depicts what has happened. We had a national debt of \$5.8 trillion at the end of this President's first year in office. And you'll recall he told us that if we adopted his fiscal plan, that we would have maximum paydown of the debt.

Here's what's happened. Do you see any paydown of debt here? There's no paydown of debt. The debt is skyrocketing. At the end of this year, they now anticipate the debt will be over \$8.6 trillion. And with the latest numbers that have come out, by 2011, the debt will have skyrocketed to \$11.8 trillion. This President will have piled up more debt than all of the Presidents preceding him.

One of the implications of this extraordinary growth of debt is that, increasingly, foreigners are financing this debt. Perhaps most alarming is this statistic: It took 42 Presidents -- all these Presidents depicted -- 224 years to run up a trillion dollars of external debt, debt held by foreigners. This President has doubled that amount -- more than doubled that amount in just five years. That fundamentally threatens the national security of our country.

Here is what the Comptroller General of the United States said in a hearing before the Budget Committee in mid-February: "Continuing on this unsustainable fiscal path will gradually erode, if not suddenly damage, our economy, our standard of living and, ultimately, our national security."

He's not alone in that judgment. The Chairman of the Homeland Security Committee said, "Regrettably, the administration's budget shortchanges port security. The budget request folds port security in with all other transportation and critical infrastructure grants, thus providing no assurance of funding to strengthen port security." That by the Chairman of the Homeland Security Committee.

And this by the Chairman of the Budget Committee on March 1st: "Having a secure border, having a functioning immigration system and a functioning port security system is as big a part of the fight on terrorism as anything else we're doing. And yet, this administration continues to play games with the financing and under-financing. It's absurd and it's inexcusable and it's, in my opinion, gross malfeasance of responsibility."

Now, I don't know what could be more clear. These are Republican Chairmen of the

affected committees saying that this administration is failing to provide for the national security interest of this country with respect to port security.

And it is very clear they are failing to provide for the economic security and national security of our country with respect to this burgeoning debt, increasingly funded by foreigners. It is truly stunning how debt -- American debt held abroad has doubled, more than doubled, in just the five years of this presidency.

Questions and Answers:

Question: We just heard from Senator Conrad about the deficit hole that the country has gone into, and we heard from Senator Lieberman about the need to spend \$8 billion more. How would you pay for that extra spending, and what would be the remedy for the deficit hole if you propose more spending?

Conrad Answer:

Let me just say, to me, everything has got to be on the table with respect to addressing our long-term deficit and debt -- very serious challenges that we confront. I would propose paying for Senator Lieberman's suggestion on some \$8 billion of additional funding for homeland security by aggressively attacking the tax gap; that is, the difference between what is owed and what is being paid.

We now know, according to the Revenue Service, that that amounts to \$350 billion a year, conservatively calculated. That is truly stunning. We just had testimony by the revenue commissioner before the Budget Committee that we could capture, with fairly modest changes, \$50 to \$100 billion a year of that revenue that's being lost.

And if you think about it, it's absolutely unfair. The vast majority of us pay what we owe. But we've got a group of people, and a group of companies, who are not paying what they owe. We ought to aggressively go after them.

We ought to go after some of these tax scams that are being pulled like the one in which companies are buying foreign sewer systems, foreign transit systems, depreciating them on their books here in the United States to reduce their tax burden here and leasing the systems back to European cities. I mean, if that isn't outrageous, I don't know what is. That's the kind of thing we ought to put a screeching halt to, to pay for enhancing our homeland security.

Let me add one thing. Avian flu could be the catastrophe of our time. And this administration is proposing \$2 billion to deal with it. We don't have enough ventilators. We don't have enough surgical masks. We don't have enough hospital beds. We don't have the preparation for our local public health facilities.

We're three to five years away from having a vaccine. And we don't have a Manhattan Project to prepare. I'll tell you: This could be the disaster of our time and we ought to treat it as

seriously as the threat it poses.

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Question: Knowing what you know about what Senator Gregg is planning -- apparently, he's planning on using the President's discretionary number in his budget mark and what not, and they're not planning very much, if anything, in the realm of reconciliation, either revenue or spending. How do you expect Democrats to react when the budget comes to the floor? Do we -- do you expect Democrats to uniformly oppose this budget or...

Conrad Answer:

You know, it's a little hard to respond to a budget you've not seen. And in fairness, I'll withhold judgment until I see the budget. If it's as described, then it does nothing about the most basic problem facing the country, which is this plunge into massive debt.

And again, I'd say to you -- I'd urge you to consider exploring this issue. I have not seen a single story -- not one -- on the explosion of debt in this country and what it means to our long-term economic and national security.

I hope people will think about -- I know it's tempting to write the stories that have always been written -- that is, to focus on the deficit. But what's changed here is it used to be the deficit closely matched increases in the debt. That is no longer the case. Last year, the deficit was about \$320 billion, but the increase in the debt was \$551 billion. This year, CBO says the deficit is going to increase \$360 billion, but the debt is going to increase by \$630 billion.

I'd say this to you: In terms of what threatens this country's long-term economic security and national security, we ought to be focusing like a laser on the massive growing debt of our country.

Question: Do you expect Democrats on the Committee to oppose the budget?

Conrad Answer:

What I anticipate is that we will offer amendments to try to improve it and that we will have additional opportunities on the floor of the Senate. And then people will have a chance to vote their convictions at the end of the day. Last year, as you saw, the budget passed on a 50 to 50 vote, with the Vice President breaking the tie. I anticipate this year, this budget will be seriously contested, because it absolutely fails to face up to the major challenges facing the country, whether it's national security in terms of the priorities of the spending, or coping with the massive increase in debt the country is taking on under the Bush administration.